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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549ANNUAL AUDITED REPORT
FORM X-17A-5
PART IIIFACING PAGE
Information Required of Brokers and Dealers
Pursuant to Section 17 of the Securities Exchange Act of 1934
and Rule 17a-5 Thereunder

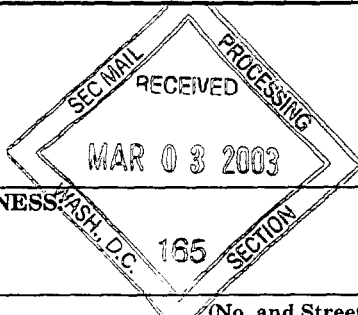
8-52942

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Sanford C. Bernstein & Co., LLC

SEC File Number 8-52942

ADDRESS OF PRINCIPAL PLACE OF BUSINESS
(Do not use P.O. Box No.)

1345 Avenue of the Americas

(No. and Street)

New York

(City)

NY

(State)

10105

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gary Krueger

(914) 993-2970

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

(Name -- if individual, state last, first, middle name)

KPMG LLP

757 Third Avenue

(ADDRESS) Number and Street

New York

City

NY

State

10017

Zip Code

CHECK ONE:

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Certified Public Accountant

☐

Public Accountant

☐

Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 28 2003

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FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Gerald Lieberman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Sanford C. Bernstein & Co., LLC as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.


Name Gerald Lieberman
Title CFO


Notary Public

Andrew C. Murphy
Notary Public, State of New York
No. 02MU6066143
Qualified in New York County
Commission Expires November 5, 2005

This report ** contains (check all applicable boxes):

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | (a) Facing Page |
| <input checked="" type="checkbox"/> | (b) Statement of Financial Condition |
| <input checked="" type="checkbox"/> | (c) Statement of Income |
| <input checked="" type="checkbox"/> | (d) Statement of Cash Flows |
| <input checked="" type="checkbox"/> | (e) Statement of Changes in Stockholder's Equity of Partners' or Sole Proprietor's Capital |
| <input type="checkbox"/> | (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors |
| <input checked="" type="checkbox"/> | (g) Computation of Net Capital |
| <input checked="" type="checkbox"/> | (h) Computation for Determination of Reserve Requirement Pursuant to Rule 15c3-3 |
| <input checked="" type="checkbox"/> | (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3 |
| <input type="checkbox"/> | (j) A Reconciliation, including appropriate explanation, of the computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A Rule 15c3-3 |
| <input checked="" type="checkbox"/> | (k) Schedule of Segregation Requirements and Funds in Segregation Pursuant to Commodity Exchange Act |
| <input type="checkbox"/> | (l) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation |
| <input checked="" type="checkbox"/> | (m) An Oath or Affirmation |
| <input type="checkbox"/> | (n) A Copy of the SIPC Supplemental Report |
| <input type="checkbox"/> | (o) A Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit |
| <input checked="" type="checkbox"/> | (p) Statement of Secured Amount and Funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7 |
| <input checked="" type="checkbox"/> | (q) Supplementary Report of Independent Auditors on Internal Control |



SANFORD C. BERNSTEIN & CO., LLC
(A Wholly Owned Subsidiary of
Alliance Capital Management L.P.)

Statement of Financial Condition

December 31, 2002

(With Independent Auditors' Report Thereon)



345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Directors and Member
Sanford C. Bernstein & Co., LLC:

We have audited the accompanying statement of financial condition of Sanford C. Bernstein & Co., LLC (a wholly owned subsidiary of Alliance Capital Management L.P.) (the Company) as of December 31, 2002. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit of a statement of financial condition includes examining, on a test basis, evidence supporting the amounts and disclosures in that statement of financial condition. An audit of a statement of financial condition also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Sanford C. Bernstein & Co., LLC at December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

January 30, 2003



SANFORD C. BERNSTEIN & CO., LLC

(A Wholly Owned Subsidiary of
Alliance Capital Management L.P.)

Statement of Financial Condition

December 31, 2002

Assets

Cash and cash equivalents	\$ 61,792,564
Cash and securities segregated under Federal and other regulations	1,174,323,372
United States Treasury Bills, at market value (including securities pledged as collateral of \$24,060,362) (cost of \$24,019,594)	24,060,362
Receivables:	
Brokers and dealers	871,039,011
Customers	225,282,587
Affiliates	4,526,894
Exchange memberships, at cost (market value of \$8,030,000)	8,325,000
Other assets	7,366,404
Total assets	<u>\$ 2,376,716,194</u>

Liabilities and Member's Equity

Payables:	
Brokers and dealers	\$ 523,638,009
Customers	1,564,311,392
Officers	14,399,381
Due to Parent	32,907,726
Accrued compensation	6,268,966
Accrued expenses and other liabilities	55,811,648
Total liabilities	<u>2,197,337,122</u>
Commitments and contingencies	
Member's equity	<u>179,379,072</u>
Total liabilities and member's equity	<u>\$ 2,376,716,194</u>

See accompanying notes to statement of financial condition.

SANFORD C. BERNSTEIN & CO., LLC
(A Wholly Owned Subsidiary of
Alliance Capital Management L.P.)

Notes to Statement of Financial Condition

December 31, 2002

(1) Organization and Description of Business

Sanford C. Bernstein & Co., LLC (the Company) is a wholly owned subsidiary of Alliance Capital Management L.P. (the Parent), which is ultimately owned by AXA, a French holding company for an international group of insurance and related financial services companies. The Company was formed on October 2, 2000 as a result of the Parent's acquisition of the business and assets of SCB Inc., an investment research and management company formerly known as Sanford C. Bernstein Inc. (Bernstein), and assumed the liabilities of Bernstein. The Company provides self-clearing brokerage related services in United States markets and investment management and custodial services to both individual and institutional customers. The Company derives a significant portion of its revenues and incurs allocated expenses from affiliates in performing these services. See Note 8 for a discussion of related party transactions.

(2) Significant Accounting Policies

(a) Basis of Presentation

The Company is a single member limited liability company with the Parent, a Delaware limited partnership, as the member.

The Company's statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

(b) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid debt instruments, such as short-term deposits, money market accounts, and commercial paper purchased with original maturities of three months or less.

(c) Securities Transactions

Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis. Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables. Such collateral is not reflected in the financial statements. Principal securities transactions and related expenses are recorded on a trade date basis.

(d) Collateralized Securities Transactions

The Company accounts for transfers of financial assets in accordance with Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received in connection with the transaction and are included in receivables from and payables to brokers and dealers in the statement of financial condition. Securities borrowed transactions require the Company to deposit cash collateral with the lender. With respect to securities loaned, the Company receives cash collateral from the borrower. The

SANFORD C. BERNSTEIN & CO., LLC
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Alliance Capital Management L.P.)

Notes to Statement of Financial Condition

December 31, 2002

initial collateral advanced or received approximates or is greater than the fair value of securities borrowed and loaned. The Company monitors the fair value of the securities borrowed and loaned on a daily basis and requests additional collateral or returns excess collateral, as appropriate.

(e) Fair Value of Financial Instruments

Substantially all of the Company's financial instruments are carried at fair value or amounts approximating fair value. Cash and cash equivalents, United States Treasury Bills and receivables are carried at fair value or contract amounts which approximate fair value due to their short period to maturity and repricing characteristics. Similarly, liabilities are carried at amounts approximating fair value.

(f) Option Plans

The Company and Parent adopted in the fourth quarter of 2002, the fair value method of recording compensation expense, using a straight-line amortization policy, relating to employee and non-employee Unit option awards of Alliance Holding Units as permitted by Statement of Financial Accounting Standards No. 123 (SFAS 123), *Accounting for Stock-Based Compensation*. Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is the vesting period. In addition, for option plans, fair value is determined using a Black-Scholes option-pricing model that takes into account the unit price at the date of grant, the exercise price, the expected life of the option, the volatility of the underlying units and the expected dividends on the units and risk-free interest rate over the expected life of the option. As of December 31, 2002, no employees of the Company have been granted option awards of Alliance Holding Units.

(3) Cash and Securities Segregated Under Federal and other Regulations

At December 31, 2002, securities segregated under Federal and other regulations includes United States Treasury Bills of \$1,174,323,372 (cost of \$1,172,658,514) segregated in a special reserve bank custody account for the exclusive benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission (SEC).

(4) United States Treasury Bills

At December 31, 2002, all United States Treasury Bills were on deposit with clearing organizations.

SANFORD C. BERNSTEIN & CO., LLC

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Notes to Statement of Financial Condition

December 31, 2002

(5) Receivable from and Payable to Brokers and Dealers

Amounts receivable from and payable to brokers and dealers at December 31, 2002 consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Deposits for securities borrowed/loaned	\$ 787,952,271	464,293,700
Receivable/payable on unsettled trades	17,187,977	6,478,777
Securities failed-to-deliver/receive	65,898,763	52,865,532
	<u>\$ 871,039,011</u>	<u>523,638,009</u>

(6) Commitments and Contingencies

The Company has been named as a defendant in certain legal actions. It is the opinion of management, after consultation with counsel, that these actions will not result in any material adverse effect on the financial condition of the Company.

(7) Profit Sharing Plan

The Parent maintains a 401(k) defined contribution profit sharing plan covering all eligible regular employees of the Company. Participants are permitted, within limitations imposed by tax law, to make pre-tax and after-tax contributions to the plan. The amount of the annual contribution to the plan is determined by a committee of the Board of Directors of the Parent's General Partner. Contributions are limited to the maximum amount deductible for federal income tax purposes.

(8) Related Party Transactions

Payables to officers represent brokerage cash accounts of principal officers of the Company and the Parent.

The Company utilizes the Parent's advisory services for the management of discretionary accounts, and as such is liable to the Parent for this service. The Company collects investment management fees from its customers and remits the full amount of these fees to the Parent. Included in the balance of receivables from customers and due to Parent at December 31, 2002 is \$6,928,342 of investment management fees receivable from customers and due to the Parent.

Amounts in due to Parent also include expenses allocated to the Company by the Parent, sub-management fees owed to the Parent and certain expenses of the Company in the normal course of business paid by the Parent. Expenses allocated to the Company represent charges for departments that provide services for the Company, the majority of which relate to technology and administration.

The Company maintains an introducing broker agreement with Sanford C. Bernstein Limited (SCB Ltd.), an affiliate located in the United Kingdom. Accordingly, the Company receives from SCB Ltd. a percentage of the revenues generated by executions of European securities by SCB Ltd. for the Company's customers. Receivables from affiliates at December 31, 2002 includes \$4,086,076 due from SCB Ltd.

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Notes to Statement of Financial Condition

December 31, 2002

At times, the Company holds an investment in a money market fund managed by the Parent. This investment amounted to \$50,000,000 at December 31, 2002 and is recorded in cash and cash equivalents.

(9) Net Capital Requirement

As a broker-dealer and member of the New York Stock Exchange, Inc. (NYSE), the Company is subject to the Uniform Net Capital Rule 15c3-1 of the SEC. The Company computes its net capital under the alternative method permitted by the rule, which requires that minimum net capital, as defined, equal the greater of two percent of aggregate debit items arising from customer transactions, as defined, or \$1,000,000. At December 31, 2002, the Company had net capital of \$148,858,125, which exceeded minimum net capital requirements by \$138,731,550.

Advances, dividend payments and other equity withdrawals by the Company are restricted by the regulations of the SEC, NYSE and other securities agencies.

(10) Risk Management

(a) Customer Activities

In the normal course of business, the Company's brokerage activities involve the execution, settlement and financing of various customer securities, which may expose the Company to off-balance sheet risk in the event the customer is unable to fulfill its contracted obligations by requiring the Company to purchase or sell securities at prevailing market prices.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the customer subject to various regulatory and internal margin requirements. These transactions are collateralized by cash or securities in the customer's account. In connection with these activities, the Company may execute and clear customer transactions involving the sale of securities not yet purchased. The Company seeks to control the risks associated with margin transactions by requiring customers to maintain collateral in compliance with the aforementioned regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customers to deposit additional collateral, or reduce positions, when necessary. A majority of the Company's customer margin accounts are managed on a discretionary basis by the Parent whereby the Parent maintains control over the investment activity in the accounts. For these discretionary accounts, the Company's margin deficiency exposure is minimized through maintaining a diversified portfolio of securities and by virtue of the Parent's discretionary authority and the Company's role as custodian.

SANFORD C. BERNSTEIN & CO., LLC
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Notes to Statement of Financial Condition

December 31, 2002

The Company may enter into forward foreign currency contracts on behalf of accounts for which the Company acts as custodian. The Company minimizes credit risk associated with these contracts by monitoring these positions on a daily basis, as well as by virtue of the Parent's discretionary authority and the Company's role as custodian. In accordance with industry practice, the Company records customer transactions on a settlement date basis, which is generally three business days after trade date. The Company is therefore exposed to risk of loss on these transactions in the event of the customer's or broker's inability to meet the terms of their contracts, in which case the Company may have to purchase or sell financial instruments at prevailing market prices. Settlement of these transactions is not expected to have a material effect upon the Company's statement of financial condition.

(b) Other Counterparties

The Company is engaged in various brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

In connection with the Company's security borrowing and lending arrangements, which constitute the majority of the receivable from and payable to brokers and dealers, the company enters into collateralized agreements which may result in credit exposure in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Security borrowing arrangements require the Company to deposit cash collateral with the lender. With respect to security lending arrangements, the Company receives collateral in the form of cash in amounts generally in excess of the market value of the securities loaned. The Company minimizes credit risk associated with these activities by establishing credit limits for each broker and monitoring these limits on a daily basis. Additionally, security borrowing and lending collateral is marked to market on a daily basis, and additional collateral is deposited by or returned to the Company as necessary.



345 Park Avenue
New York, NY 10154

**Independent Auditors' Report on Internal Control Pursuant to
Rule 17a-5 and SFTC Regulation 11/16**

The Board of Directors and Member of
Sanford C. Bernstein & Co., LLC:

In planning and performing our audit of the statement of financial condition of Sanford C. Bernstein & Co., LLC (a wholly owned subsidiary of Alliance Capital Management L.P.) (the Company) as of December 31, 2002, we considered its internal control, including control activities for safeguarding securities and customer and firm assets, in order to determine our auditing procedures for the purpose of expressing our opinion on the statement of financial condition and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), and Regulation 1.16 of the Commodities Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) and Regulation 1.16, in the following: (i) making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e) of the SEC and Section 4d(2) of the Commodity Exchange Act (CEA); (ii) making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; (iii) complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; (iv) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3; (v) making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. We did not review the practices and procedures followed by the Company: (i) in making daily computations of the segregation requirements of Section 4d(2) of the CEA and the regulations thereunder, and the segregation of funds based upon such computations; and (ii) in making the daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC because the Company does not carry customers' commodities accounts, including foreign futures and foreign options customers, or handle commodities transactions for customers.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's and CFTC's above mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) and Regulation 1.16 list additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the statement of financial condition being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities and customer and firm assets, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC and CFTC to be adequate for their purposes in accordance with the Securities Exchange Act of 1934 and CEA and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the SEC's and CFTC's objectives.

This report is intended solely for the information and use of management, the Board of Directors, the New York Stock Exchange, Inc., the SEC, the CFTC and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 or Regulation 1.16 of the CFTC in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 30, 2003